

## **Attachment 2**

### **Executive Summary – Site and Building Assessment, Real Estate Market Conditions, and Preliminary Financial Analysis**

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### EXECUTIVE SUMMARY - SITE AND BUILDING ASSESSMENT, REAL ESTATE MARKET CONDITIONS, AND PRELIMINARY FINANCIAL ANALYSIS

#### Marketing Recommendations

The following recommendations were offered for potential reuse of the Iola Campus, based on the consultants review of the site, access, market conditions, competing supply of developable land, available buildings and the costs associated with reuse or redevelopment of the site. An entire copy of this report titled *Site and Building Assessment, Real Estate Market Conditions, and Preliminary Financial Analysis Iola Campus* is available for review upon request.

- Any reuse of the Iola Campus is likely to be a mixed-use development. There does not appear to be sufficient demand to support redevelopment or reuse of the site for a single category of use (ie. Office, retail, light industrial, elderly housing or hotel).
- The reuse of the existing historic buildings on the site is not likely unless the City and the Town of Brighton are willing to allow a higher level of density for redevelopment. Development density bonuses would allow a developer to average the total investment over a larger number of square feet in order to achieve a desired financial return. Without incentives, it is unlikely that reuse of the historic buildings can be made financially feasible.
- Large scale retail development is occurring outside of the Interstate 390 loop and given the insularity of the Iola Campus it is unreasonable that "big box" retail would locate on the site. However, potential exists for some neighborhood and convenience retail, especially if anchored by a large, modern grocery store. Given Wegmans' smaller unit on Mt. Hope Avenue and their reported desire for expansion and/or relocation (as well as their being a hometown company) they are the recommended first choice for additional discussions. Presumably, Wegmans with a 50,000± square foot store could anchor a small strip development which could include other neighborhood services such as a video store, hair salon, records (all store types which could serve the residential market as well as the college market) and sit-down chain restaurant such as Applebee's, Chili's or Outback (typically ranging from 6,000 to 10,000 square feet).
- Development of the site for industrial uses has the worst projected financial return. However, the existing industrial buildings on the site are the most modern, and as such offer the highest level of potential for reuse.
- It is unlikely that a hotel would be developed at the Iola Campus without some assurances of demand and without a compliment of other supporting uses. One such assurance of demand could be the University's and Strong Hospital's needs for hotel space off-site from their respective campuses. Another assurance could be an adjacent office park development (similar to Corporate Woods).

- Redevelopment of the existing buildings adds value to the potential redevelopment, but only if incentives are included. The business park, or the mixed light industrial and office use alternative, yields the highest potential value, ranging between \$1.6 and \$4.5 million. This scenario also assumes the existing historic buildings would be renovated for office use provided a development bonus would be offered. These buildings and the associated bonus are not anticipated to yield any revenue in the disposition. The potential revenue from this disposition strategy potentially yields revenue of \$4.5 million on the high end.
- A potential reuse as a light-industrial park is similarly positive, but slightly lower than the mixed office/light-industrial use. This strategy does retain the steam plant, however, the potentially historic buildings are assumed to be razed.
- The third alternative assumed the historic buildings are converted to elderly housing, including a development bonus of at least 100 units that could be added to the site. It is likely a potential developer may factor some cost for this bonus, whereby the buildings yield a nominal value at the high end of this range. The remainder of the site would be used for office development, and the steam plant is assumed to be demolished and relocated, since its use is believed to conflict with the residential use.
- The potential revenue from the "as improved" analyses are all higher than the "as vacant" analysis, indicating that the existing buildings for the most part are contributing to the site. However, the issue is the appropriate mix for the redevelopment.
- Concentrating the redevelopment of the Iola Campus in one single real estate sector presents too much risk, and an elongated absorption period, except for a specific end-user. A mixed use plan would diversify the risk and take advantage of market opportunities "at a smaller scale."